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Western Broadcasting Company Ltd. Annual Report 1973

687-2844

Western Broadcasting Company Ltd.

505 Burrard Street, Vancouver 1, B.C.

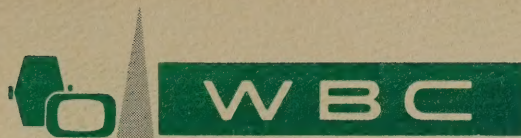


Frank A. Griffiths, C.A., President

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Le rapport annuel du bilan consolidé pour l'année qui s'est terminée le 31 mars 1973, est publié en Anglais et en Français. Si vous en faites la demande, nous serons heureux de vous envoyer une copie de la version française.



WESTERN BROADCASTING COMPANY LTD.

and Subsidiary Companies

Interim Report to the Shareholders for the Six Months Ended 30 September, 1973

TO THE SHAREHOLDERS

We are pleased to submit for your information the unaudited results of operations of your Company for the six months ending September 30, 1973. Included is a Statement of Income and a Statement of Source & Application of Funds, both of which are presented on a comparative basis with the results for the corresponding period in 1972.

Net revenue, operating profit, net income and earnings per common share all have increased with net income increasing 11% and earnings per common share increasing 10% over the corresponding period last year. Included in net income are dividends received on your investments in British Columbia Television Broadcasting System Ltd., Bushnell Communications Ltd. and Harlequin Enterprises Ltd. while all carrying charges related to these investments have been expensed.

In compliance with a directive of the Canadian Radio-Television Commission to sell, an agreement was finalized on October 5, 1973 with IWC Communications Limited of Toronto for the sale of all of Western's holdings in Bushnell Communications Ltd. at \$13.50 per share plus warrants to purchase 600,000 IWC Communications Limited shares. Included in the agreement was an undertaking by Western to carry a five-year income debenture in the amount of \$2.25

million. The foregoing transaction is subject to the approval of the CRTC and it is hoped that the application will be heard in early December, 1973.

During the six months, Western has added further to its position in Harlequin Enterprises Ltd. and owns approximately 14% of the outstanding common shares of that Company.

As a result of resolutions passed at the Annual Meeting of Shareholders on August 20, 1973, all common shares were designated Class A shares and the holders if they so desired, could exchange them for Class B shares. The shares have equal rights in all respects with the exception of the tax treatment of the dividends. The Class A shares are entitled to tax free dividends and the Class B shares receive taxable dividends. Any shareholders who are uncertain as to what class of share they should own should seek professional advice. The shares are interchangeable at any time.

1 November, 1973

Frank A. Griffiths, C.A.
President
William J. Hughes
Executive Vice-President

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS (unaudited)

	Six Months Ended September 30	
	1973	1972
SOURCE OF FUNDS		
Net income before depreciation	\$ 1,496,684	\$ 1,357,538
Increase in deferred taxes	—	2,725
Term bank loan	2,225,000	—
Other	—	721
	<u>3,721,684</u>	<u>1,360,984</u>
APPLICATION OF FUNDS		
Addition to fixed assets	120,930	195,665
Increase in investments in Broadcasting Companies	1,314,070	—
Investment in shares	1,270,049	—
Current Portion of bank loan	437,500	437,500
Dividends paid: common	598,806	442,733
preferred	88,492	115,104
Tax paid on 1971 undistributed income	49,791	78,126
	<u>3,879,638</u>	<u>1,269,128</u>
Increase (decrease) in working capital	(157,954)	91,856
Working capital at beginning of year	1,133,150	1,147,557
Working capital at end of period	<u>\$ 975,196</u>	<u>\$ 1,239,413</u>

CONSOLIDATED STATEMENT OF EARNINGS (unaudited)

	Six Months Ended September 30	
	1973	1972
Net Revenue	\$ 6,256,908	\$ 5,227,741
Operating expenses	<u>3,927,436</u>	<u>3,138,175</u>
	2,329,472	2,089,566
Income from investments	<u>277,710</u>	<u>115,626</u>
	<u>2,607,182</u>	<u>2,205,192</u>
Depreciation	204,448	196,478
Interest	<u>368,904</u>	<u>207,553</u>
	<u>573,352</u>	<u>404,031</u>
Earnings before income taxes	2,033,830	1,801,161
Income taxes	<u>741,594</u>	<u>640,101</u>
Net income	<u>\$ 1,292,236</u>	<u>\$ 1,161,060</u>
Basic earnings per common share	34.4¢	31.0¢
Fully diluted earnings per common share	33.4¢	30.0¢



WESTERN BROADCASTING COMPANY LTD.

et ses filiales

Rapport interimaire aux actionnaires pour le semestre se terminant le 30 septembre, 1973

AUX ACTIONNAIRES

Nous sommes heureux de vous soumettre les résultats d'opération non vérifiés de votre compagnie pour le semestre clos le 30 septembre, 1973. Nous incluons un état du revenu et un état de source et emploi des fonds dans lesquels sont présentés les résultats comparatifs du semestre correspondant de 1972.

Les ventes, le revenu d'exploitation, le revenu net et les bénéfices par action ordinaire ont tous augmenté; le revenu net a augmenté de 11% et les bénéfices par action ordinaire ont augmenté de 11% par rapport au semestre correspondant de l'exercice précédent. Le revenu net comprend des dividendes reçus sur vos placements dans British Columbia Television Broadcasting System Ltd., Bushnell Communications Ltd. et Harlequin Enterprises Ltd., et tous les frais relatifs à ces placements ont été inclus dans les dépenses.

Conformément à une directive du Conseil de la Radio-Télévision canadienne de vendre, une entente a été conclue le 5 octobre 1973 avec IWC Communications Limited de Toronto pour la vente de toutes les participations de Western dans Bushnell Communications Ltd. à \$13.50 l'action plus des droits de souscription pour acheter 600,000 actions de IWC Communications Limited. Par cette entente, Western s'engageait à accepter une débenture de cinq ans

au montant de \$2.25 millions. Cette transaction est sujette à l'approbation du C.R.T.C. et l'on espère que la demande sera entendue en audience au début de décembre, 1973.

Durant le semestre, Western a augmenté sa participation dans Harlequin Enterprises Ltd. et possède approximativement 14% des actions ordinaires en circulation de cette compagnie.

Comme résultat des résolutions adoptées lors de l'assemblée annuelle des actionnaires, le 20 août 1973, toutes les actions ordinaires furent désignées actions de classe A et leurs détenteurs, s'ils le désirent, peuvent les échanger pour des actions de classe B. Les actions ont des droits égaux à tous égards, le traitement fiscal des dividendes étant la seule différence. Les actions de classe A donnent droit à des dividendes libres d'impôt et les actions de classe B permettent de recevoir des dividendes imposables. Tout actionnaire indécis quant à la classe d'actions qu'il devrait posséder devrait consulter un spécialiste. Les actions sont interchangeables en tout temps.

1 Novembre, 1973

Frank A. Griffiths, C.A.
Président

William J. Hughes
Vice-président exécutif

ETAT CONSOLIDE DE SOURCE ET EMPLOI DES FONDS (non vérifié)

	Semestre clos le 30 septembre	
	1973	1972
SOURCE DES FONDS		
Revenu net avant amortissement	\$ 1,496,684	\$ 1,357,538
Augmentation des impôts reportés	—	2,725
Emprunt de banque à terme	2,225,000	—
Autre	—	721
	<u>3,721,684</u>	<u>1,360,984</u>
EMPLOI DES FONDS		
Acquisitions d'immobilisations	120,930	195,665
Augmentation dans les placements dans des compagnies de radio diffusion	1,314,070	—
Placements en actions	1,270,049	—
Partie à court terme d'emprunt de banque	437,500	437,500
Dividendes payés: Ordinaires	598,806	442,733
Privilégiés	88,492	115,104
Impôt payé sur le revenu en main non distribué de 1971	49,791	78,126
	<u>3,879,638</u>	<u>1,269,128</u>
Augmentation (diminution) du fonds de roulement	(157,954)	91,856
Fonds de roulement au début du semestre	1,133,150	1,147,557
Fonds de roulement à la fin du semestre	<u>\$ 975,196</u>	<u>\$ 1,239,413</u>

ETAT CONSOLIDE DU REVENU (non vérifié)

	Semestre clos le 30 septembre	
	1973	1972
Ventes	\$ 6,256,908	\$ 5,227,741
Frais d'exploitation	3,927,436	3,138,175
	<u>2,329,472</u>	<u>2,089,566</u>
Revenu de placements	277,710	115,626
	<u>2,607,182</u>	<u>2,205,192</u>
Amortissement	204,448	196,478
Intérêts	368,904	207,553
	<u>573,352</u>	<u>404,031</u>
Revenu avant impôts	2,033,830	1,801,161
Impôts	741,594	640,101
Revenu net	<u>\$ 1,292,236</u>	<u>\$ 1,161,060</u>
Bénéfices par action ordinaire	34.4¢	31.0¢
Bénéfices totalement dilués par action ordinaire	33.4¢	30.0¢

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Report to Shareholders



William J. Hughes, Executive Vice President

Your Directors are pleased to report that your Company enjoyed another successful year. In the fiscal year ending March 31, 1973, consolidated sales increased 18% to \$10,504,760 while net income, including dividends from unconsolidated investments, improved by 20% to \$2,227,418. After making provision of \$216,000 for dividends on the preferred shares for the year ending March 31, 1973, earnings available to the common shares were \$2,011,000 or 59¢ per common share.

The basic earnings per common share of 59¢ are based on a weighted monthly average of shares outstanding for 1973 of 3,498,239. This compares with net earnings per common share of 52¢ for the previous fiscal year.

Taxes of \$157,751 or 4.5¢ per share were paid by the Company in order that the last three payments would not be taxable in the hands of the shareholder.

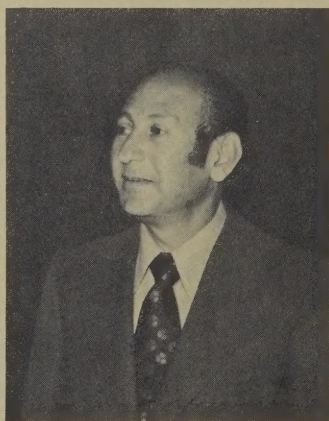
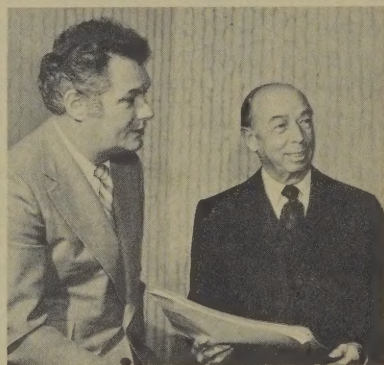
The Board of Directors approved an increase in the dividend paid on common shares from 6.5¢ to 9¢ per quarter effective with the dividend paid June 29, 1973 to shareholders of record June 11, 1973. This dividend is not taxable in the hands of the shareholders.

Your Company's share of earnings from investment in other broadcasting properties exceeded the amount received in dividends by \$158,052 (1972 — \$100,211). This amount does not include any share of earnings in Bushnell Communications Limited in excess of dividends received. Investment income for the year included dividends received from Bushnell while all carrying costs applicable to the investment in Bushnell have been expensed. Further comments on Bushnell are reflected elsewhere in this report.

Additions to plant and equipment of the Company's wholly owned subsidiaries during fiscal 1973 amounted to \$358,942 (1972 — \$276,768).

RADIO — British Columbia

Radio NW Ltd. is the licensee of Radio Stations CKNW and CFMI-FM. Despite being located in Canada's most competitive radio market, metropolitan Vancouver, CKNW continues to have the largest audience in total hours tuned and adult listeners of any radio station west of Toronto. Meanwhile, CFMI-FM has continued to attract an ever responsive audience and the year was crowned with the "FM Station of the Year" award, tendered by the Canadian Association of Broadcasters. Despite increased costs to meet competition, the earnings of Radio NW Ltd. for the past year were most gratifying. Forward bookings and rating surveys in the current year indicate Radio NW Ltd. will again enjoy a most successful year.



Top: Western Director Peter Paul Saunders makes his point to Director the Hon. Walter S. Owen, Q.C., (seated) and Company Vice President—Finance, Robert G. Dinning, C.A.

Second Row: G. Neldon "Mel" Cooper, Western Broadcasting Vice President—Sales, and Manager of Radio NW Ltd., at left, and George Garrett, Manager of CFMI-FM, with Western Productions Ltd. Manager Richard M. Abbott.

Third Row: At left, R. M. "Rory" MacLennan, Vice President, Manitoba, hears a sales report.

At right, William Hall, Vice President and Manager of Radio ML Ltd., and Thos. E. Darling, Western Vice President, Ontario and President and General Manager of Radio ML Ltd.

Fourth Row: At left, Michael J. Davies, Manager of Western Broadcast Sales (1970) Ltd.

At right, Theodore S. Soskin, President of Radio QR Ltd.

RADIO — Alberta

Radio QR Ltd. is the licensee of Radio Station CHQR in Calgary which is oriented to good music. Over the past year, the station has improved its rating position in the metropolitan Calgary area. While the Radio QR Ltd. contribution to earnings of the Western Group is virtually unchanged from last year, future bookings indicate that the contribution will increase significantly during the current fiscal year.

RADIO — Manitoba

Your Company's Radio Stations (CJOB and CJOB-FM) in Winnipeg continue to be the dominant stations in Manitoba. The management of CJOB is presently embarking on a plan to provide enlarged premises and an increased production capability. Radio OB Ltd. substantially improved its contribution to the Western earnings over the past year and all indications point to further appreciable improvement in the current year.

RADIO — Ontario

Radio ML Ltd. has completed its first full year as a Western subsidiary. Radio ML Ltd. is the licensee of CHML, the leading AM station in Hamilton and CKDS-FM which has the largest FM audience in its service area. During the past fiscal year, an upgrading of the FM broadcast equipment was completed and put into full operation. Radio ML Ltd. made a substantial contribution to Western earnings during the past year.

TELEVISION — Ontario

Your Company has acquired approximately 51% of the issued common shares of Bushnell Communications Ltd., a publicly owned broadcasting company based in Ottawa, Ontario.

In October 1972, the Canadian Radio-Television Commission held a public hearing on an application by Western Broadcast Holdings Ltd., a wholly owned Western subsidiary, for permission to take control of Bushnell. The CRTC, in a November 1972 announcement, denied the Western proposal and directed that Western should dispose of its interest in Bushnell. On March 19, 1973, Western granted to Standard Broadcasting Corporation Ltd. of Toronto an option to enter into an agreement to purchase not less than 51%, nor more than 55% of the issued common shares of Bushnell Communications Ltd. for a price of \$15 per share. However, Standard later announced that it was not disposed to exercise the option because of the refusal of the Directors and Officers of Bushnell to allow financial investigation of Bushnell by Standard's auditors. During the period of the option, and to protect the ability of Western to deliver, your Directors authorized

the purchase for cash of an additional 87,606 common shares of Bushnell at \$15 per share bringing your company's holdings in Bushnell to just over 51%. In April, the Board of Directors of Bushnell appointed a Western representative to their Board. Your Directors are continually aware of the CRTC directive with regard to the Bushnell shares and efforts are continuing to comply with this.

In September 1972, Bushnell put into service a satellite at Deseronto, Ontario, providing Belleville, Kingston and surrounding areas with the CTV program service.

The Bushnell investment has made a contribution to the group earnings by way of dividends during the past fiscal year. The published results of Bushnell for their current fiscal year reflect a substantial improvement in earnings over the previous year and the outlook is strong.

TELEVISION — British Columbia

Your Company owns 44.4% of the issued common shares of British Columbia Television Broadcasting System Ltd. (BCTV). BCTV operates the CTV outlet in Vancouver, Channel 8 and the CBC outlet in Victoria, Channel 6. It also owns a one-third interest in Okanagan Valley Television Ltd., the CBC affiliate serving the Okanagan. BCTV also operates four rebroadcast stations in the Okanagan Valley and Kamloops. In addition, during the past year, BCTV has extended the second Canadian service to North Central British Columbia, including the city of Prince George.

The BCTV contribution to earnings of Western increased significantly during the year. Western's income from BCTV is reflected in the Statement of Earnings only to the extent of dividends received from that source and does not include its equity in BCTV's earnings.

COMMUNITY TELEVISION — British Columbia

Your Company owns all of the outstanding shares of Express Cable Television Ltd. which operates a CATV system in North Vancouver. The licensed area is completely wired and there are in excess of 17,000 subscribers which is approximately 80% saturation. The contribution of Express earnings to the Western Group was unchanged from the previous year primarily as a result of a change in the depreciation policy of Express Cable Television Ltd. The write-off of the cable system plant has been reduced from a twenty-year basis to approximately eleven years, which is in line with generally accepted policy in the industry.

SOUND PRODUCTIONS

Your Company's subsidiary, Western Productions Ltd. continues to present to the trade a very high grade product which is being welcomed by clients interested in

quality audio production. During the present fiscal year, your Company's Directors are considering a substantial expansion of Western Productions Ltd., with a view to increasing its earnings contributions to the Western Group.

SALES REPRESENTATIVES

Western Broadcast Sales (1970) Ltd. is a representative company with offices in Vancouver and Winnipeg representing a number of large Canadian radio stations. Western Broadcast Sales (1970) Ltd. is continuing to expand its list of representative stations and again contributed to the profits of the Western Group this year.

ARISTOCART

Western is continuing its manufacture and sale of the new stereo cartridge "Aristocart". It is being well received by broadcasters in North America. Sales in Europe are anticipated as use of the quality cartridge becomes more widespread. The "Aristocart" Division made a contribution to the group earnings for the year.

OTHER CORPORATE ACTIVITIES

Your Company is a participant as a substantial minority shareholder in an application for the second private television license in Edmonton, Alberta. Public hearings on the competing applications were held in Edmonton on June 7, 1973 and to date no decisions have been announced.

During the year, in a program of diversification, Western acquired for cash on the open market, slightly in excess of 10% of the issued and outstanding shares of Harlequin Enterprises Limited, an international publishing company and world leader in the field of romance fiction. This Company is experiencing an outstanding growth record.

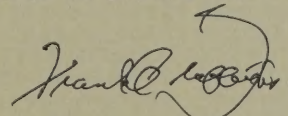
Western will continue in its endeavour to broaden its earnings base within the broadcasting industry and related fields.

All of the companies in the Western group have pension, wage continuation, health, accident and dental plans available to all employees. A voluntary stock purchase plan is also available.

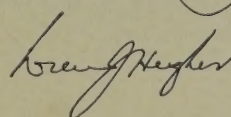
We would like to acknowledge the support of our shareholders and our employees during the past year. We are confidently looking forward to the new year.

Signed on behalf of the Board

Director



Director



Rapport Aux Actionnaires

Vos directeurs ont le plaisir de vous annoncer que votre Compagnie a joui d'un succès ininterrompu, durant l'année fiscale qui s'est terminée le 31 mars, 1973. Les ventes consolidées ont augmentées de 18% atteignant \$10,504,760, tandis que le revenu net, comprenant les dividendes provenant de placements non consolidés, s'est accru de 20%, réalisant un revenu de \$2,227,418. Après avoir pourvu aux dividendes des actions préférées pour une somme de \$216,000, les revenus disponibles pour les actions ordinaires étaient de \$2,011,000 ou 59¢ par action ordinaire, ce qui représente une augmentation de 7¢ par rapport à 1972. Ces revenus sont basés sur la valeur moyenne mensuelle des actions, se montant pour 1973 à 3,498,239. Les impôts, représentant une somme de \$157,751 ou 4.5¢ par action, ont été payés par la compagnie afin que les trois derniers paiements ne soient pas imposables aux actionnaires.

Le Conseil d'Administration a approuvé une augmentation trimestrielle de 6.5¢ à 9¢ des dividendes payés aux actions ordinaires. Cette augmentation est effective à partir du 11 juin 1973, et a été payée aux actionnaires avec les dividendes du 29 juin 1973. Ces dividendes ne sont pas imposables pour les actionnaires. La valeur des revenus, provenant des investissements de votre Compagnie dans d'autres sociétés d'émissions, a dépassé de \$158,052 le montant reçu des dividendes (1972 — \$100,211). Cette somme n'inclut aucune action sur le revenu de Bushnell Communications Limited en ce qui concerne l'excès des dividendes reçus, alors que tous les frais applicables à cet investissement ont été payés. Le revenu des investissements de l'année comprend les dividendes provenant de Bushnell. Les améliorations de l'usine et du matériel de la compagnie, ont représenté une dépense de \$358,942 durant l'année fiscale 1973 (1972 — \$276,768).

RADIO — Colombie Britannique

La radio NW Ltd. est détentrice d'une autorisation des postes de Radio CKNW et CFMI-FM. Situé dans le marché radiophonique ayant le plus de concurrence au Canada, soit l'agglomération de Vancouver, CKNW continue d'atteindre, grâce au nombre d'heures sur les ondes et au nombre de ses auditeurs adultes, le plus grand public de tous les postes de radio à l'Ouest de Toronto. Pendant ce temps là, CFMI-FM a gagné l'oscar donné par l'Association Canadienne de la Radio diffusion, pour "le meilleur poste à Modulation de Fréquence de l'Année". Les revenus de Radio NW Ltd. pour l'an passé, étaient plus que satisfaisants, et une enquête d'évaluation indique une année à venir des plus prometteuse.

RADIO — Alberta

La radio QR Ltd. détient une autorisation du poste de radio CHQR de Calgary, ce dernier étant spécialisé en musique de qualité. Bien que la contribution aux revenus, du poste de radio QR Ltd., soit pratiquement inchangée par rapport à l'année dernière, cette contribution devrait augmenter sensiblement sous peu.

RADIO — Manitoba

Les postes de radio de votre Compagnie à Winnipeg (CJOB et CJOB-FM) continuent d'être les postes prédominants au Manitoba. Radio OB Ltd. a considérablement augmenté ses revenus durant l'année passée, et tout laisse à prévoir de nouvelles améliorations pour l'année en cours.

RADIO — Ontario

La radio ML Ltd. est détentrice d'une autorisation de CHML, le poste AM principal à Hamilton, et de CKDS-FM, poste qui touche le plus grand auditoire de la région desservie. Durant la dernière année fiscale, il y a eu une amélioration dans l'équipement des émissions FM. L'an passé, radio ML Ltd. a contribué considérablement aux revenus de Western.

TELEVISION — Ontario

Votre compagnie a acquis environ 51% des actions ordinaires émises de Bushnell Communications Ltd., Compagnie d'émission dont le public a la possession, et dont le siège est situé à Ottawa en Ontario. Au mois d'octobre 1972, la Commission Canadienne de Radio et de Télévision a tenu une audience publique concernant une demande faite par Western Broadcast Holdings Ltd., auxiliaire entièrement reconnu, afin d'obtenir l'autorisation de prendre Bushnell en mains. La CCRT a repoussé la demande et a recommandé à Western de renoncer à cette idée. Le 19 mars 1973, Western a octroyé à Standard Broadcasting Corporation Ltd. de Toronto, le droit de conclure un marché afin d'acheter pas moins de 51% et pas plus de 55% des actions ordinaires émises de Bushnell, à \$15 l'action. Cependant, Standard annonçait ultérieurement qu'elle n'userait pas de ce droit car les Directeurs et Administrateurs de Bushnell avaient refusé aux vérificateurs de Standard de mener une enquête financière. Afin de protéger la faculté de Western à se retirer, vos Directeurs, durant la durée de l'exercice de ce droit, ont autorisé l'achat en espèces de 87,606 autres actions ordinaires de Bushnell, à \$15 l'action, portant ainsi les parts de votre compagnie au dessus de 51%. En avril, les Directeurs de Bushnell nomaient un membre de Western à leur conseil d'administration. Vos Directeurs sont continuellement au courant des directives de la CCRT et tous les efforts sont faits pour s'y conformer.

TELEVISION — Colombie Britannique

Votre Compagnie possède 44,4% des actions ordinaires émises par British Columbia Television Broadcasting System Ltd. (BCTV) qui dirige les émissions CTV à Vancouver, la chaîne numéro 8, et les émissions CBC à Victoria, la chaîne numéro 6. Elle possède également un tiers des intérêts d'Okanagan Valley Television Ltd. et quatre postes de programmation dans la vallée de l'Okanagan et à Kamloops. Cette année, BCTV a étendu le deuxième service canadien à la partie centrale nord de la Colombie Britannique comprenant Prince George. Durant l'année, la contribution de BCTV aux revenus, a considérablement augmenté.

LA SOCIÉTÉ DE TELEVISION — Colombie Britannique

Votre Compagnie possède toutes les actions en circulation d'Express Cable Television Ltd. à Vancouver Nord. La région patentée est entièrement desservie et il y a un surplus de 17,000 abonnés d'où une saturation d'environ 80%. A cause d'un changement dans sa politique de dépréciation, la contribution des revenus d'Express au Western Group, n'a pas changé par rapport à l'année précédente. D'une base de vingt ans, les profits et pertes de l'usine du système de câbles, ont été réduits à environ onze ans, et cela en accord avec la politique acceptée généralement par l'industrie.

LES PRODUCTIONS SONORES

Western Productions Ltd. continue à offrir à ses clients une production-audio de haute qualité. Les dirigeants de votre Compagnie envisagent un développement considérable de Western Productions Ltd.

AGENTS DE VENTE

Western Broadcast Sales (1970) Ltd., qui a des bureaux à Vancouver et à Winnipeg, représente un grand nombre des postes de radio importants au Canada. La compagnie continue d'augmenter sa liste de postes-membres et, cette année encore, a contribué aux profits du Western Group.

ARISTOCART

"Aristocart", les cassettes stéréo de nouvelle qualité, sont très bien accueillies par les postes de radio d'Amérique du Nord, et l'on prévoit même des ventes aux pays Européens. "Aristocart" Division a contribué cette année, aux revenus du groupe.

AUTRES ACTIVITÉS CONSTITUÉES

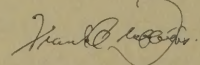
Votre Compagnie en tant qu'actionnaire minoritaire important, participe à la demande d'un deuxième permis pour une télévision privée à Edmonton, en Alberta. Des audiences publiques ont été tenues à Edmonton le 7 juin 1973 et aucune décision n'a encore été annoncée. Cette année, lors d'un programme de diversification, Western a acheté en espèces sur le marché public, un peu plus de 10% des actions de Harlequin Enterprises Limited, une compagnie d'édition internationale et en tête du marché mondial des romans de science fiction, cette Compagnie jouit d'un épanouissement remarquable.

Western persévérera dans son effort pour élargir l'étendue de ses revenus à l'intérieur même de l'industrie de la radio diffusion et de ses branches affiliées.

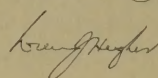
Nous tenons à remercier nos actionnaires et nos employés pour leur soutien. Nous envisageons avec confiance la venue de la nouvelle année.

Pour le Conseil d'Administration

Directeur



Directeur



Ten Year Comparative Statement of Earnings

Year Ended March 31	Earnings before adding Income from Invest- ments and deducting Depreciation, Interest on Long Term Debt and Income Taxes	Income from Investments	Depreciation	Interest on Long Term Debt	Income Taxes	Net Earnings
1973	\$3,876,501	\$448,701	\$414,315	\$441,590	\$1,241,879	\$2,227,418
1972	3,459,850	156,575	292,749	204,279	1,268,306	1,851,091
1971	2,385,748	177,675	223,575	—	1,142,729	1,197,119
1970	1,375,081	192,398	107,101	21,907	697,430	741,041
1969	1,348,683	89,830	86,516	—	673,627	678,370
1968	1,179,006	44,575	73,720	—	552,777	597,084*
1967	1,075,744	9,543	84,365	20,016	433,819	547,087
1966	766,282	7,856	107,607	50,720	207,500	408,311
1965	624,426	5,636	122,675	49,095	154,386	303,906
1964	622,690	7,602	68,841	50,515	215,592	295,344

*Does not include profit on disposal of marketable securities of \$434,682.

The 10-year analysis as presented above reflects increases in net earnings every year. The average increase in net earnings over the 10-year period amounted to 25%. This does not include a significant profit of a non-recurring nature realized in 1968. This average growth rate in net earnings also excludes earnings accruing over and above dividends received by Western on investments in properties which are not consolidated. The treatment of these unrecorded earnings in future years is presently being considered by your Directors.

L'analyse basée sur 10 ans, présentée ci-dessus, reflète une augmentation annuelle des revenus nets. L'augmentation moyenne des revenus nets se monte à 25% pour les 10 dernières années. Cela n'inclut pas un profit considérable de nature irréalizable à l'avenir, réalisé en 1968. Ce taux de croissance moyenne des revenus nets ne comprend pas non plus les revenus résultants de dividendes supplémentaires, reçus par Western, grâce à des placements sur des propriétés non-consolidées. Vos directeurs considèrent en ce moment, l'attitude à prendre dans les années à venir, au sujet de ces revenus non-enregistrés.

Consolidated Balance Sheet as at March 31, 1973

(with comparative figures at March 31, 1972)

ASSETS	1973	1972
CURRENT ASSETS		
Cash	\$ 301,664	\$ 307,133
Marketable securities, at cost (quoted market value 1973, \$33,288; 1972, \$34,463)	37,920	37,920
Accounts receivable	1,818,117	1,722,813
Prepaid expenses	88,448	113,890
	<u>2,246,149</u>	<u>2,181,756</u>
INVESTMENT IN SHARES, at cost (notes 1 and 4)		
Broadcasting companies (note 2)	10,497,598	10,457,041
Non-broadcasting companies (quoted market value \$2,254,500)	1,876,709	10,000
	<u>12,374,307</u>	<u>10,467,041</u>
FIXED ASSETS (note 3)		
Land, at cost	283,270	268,270
Leasehold improvements, buildings and equipment, at cost less amortization and accumulated depreciation of \$2,214,821 (1972, \$1,811,370)	2,269,299	2,339,672
	<u>2,552,569</u>	<u>2,607,942</u>
INTANGIBLE ASSETS		
Rights, goodwill and other intangibles, at cost	3,286,244	3,287,683
Excess of cost of shares of subsidiary companies over book value of underlying assets of such subsidiary companies at date of acquisition	6,988,509	6,988,509
	<u>10,274,753</u>	<u>10,276,192</u>
	<u>\$27,447,778</u>	<u>\$25,532,931</u>

Western Broadcasting Company Ltd. was incorporated under the Companies Act of British Columbia under Memorandum and Articles of Association issued November, 1965.

LIABILITIES

CURRENT LIABILITIES

Bank advances, secured (note 4)
Accounts payable and accrued liabilities
Income taxes payable

1973	1972
\$ 563,482	\$ 522,623
379,022	365,149
170,495	146,427
<u>1,112,999</u>	<u>1,034,199</u>

TERM BANK LOANS, secured (note 4)

<u>6,430,000</u>	<u>5,562,500</u>
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DEFERRED INCOME TAXES (note 3)

<u>259,460</u>	<u>249,876</u>
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SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 5)

Authorized

138,030 5% Cumulative redeemable convertible preferred
shares, par value \$25 (1972, 200,000)

6,185,910 Common shares without par value
(1972, 6,000,000)

Issued

124,020 Preferred shares (1972, 171,855)

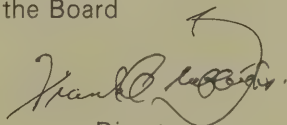
3,498,239 Common shares (1972, 3,354,734)

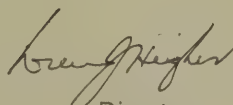
3,100,500	4,296,375
12,687,220	11,491,345
<u>15,787,720</u>	<u>15,787,720</u>

RETAINED EARNINGS

3,857,599	2,898,636
<u>19,645,319</u>	<u>18,686,356</u>
<u>\$27,447,778</u>	<u>\$25,532,931</u>

Approved by the Board


Director


Director

171,7470.2

Consolidated Statement of Earnings and Retained Earnings

YEAR ENDED MARCH 31, 1973 (with comparative figures for 1972)

	1973	1972
Sales	\$10,504,760	\$ 8,892,960
Operating expenses	6,628,259	5,433,110
Revenue from operations before the undernoted	3,876,501	3,459,850
Income from investments	448,701	156,575
	<u>4,325,202</u>	<u>3,616,425</u>
Depreciation and amortization	414,315	292,749
Interest on term bank loans	441,590	204,279
	<u>855,905</u>	<u>497,028</u>
Earnings before income taxes	3,469,297	3,119,397
Income taxes (note 3)	1,241,879	1,268,306
NET EARNINGS FOR THE YEAR	2,227,418	1,851,091
Retained earnings at beginning of year	2,898,636	1,865,319
	<u>5,126,054</u>	<u>3,716,410</u>
Dividends paid		
Preferred shares	216,760	287,500
Common shares	893,944	530,274
Tax paid on undistributed income	157,751	—
	<u>1,268,455</u>	<u>817,774</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 3,857,599</u>	<u>\$ 2,898,636</u>
Basic earnings per common share	<u>59¢</u>	<u>52¢</u>
Fully diluted earnings per common share	<u>58¢</u>	<u>51¢</u>

Consolidated Statement of Source and Application of Funds

YEAR ENDED MARCH 31, 1973 (with comparative figures for 1972)

	1973	1972
SOURCE OF FUNDS		
Net earnings for the year	\$ 2,227,418	\$ 1,851,091
Items not involving current funds		
Depreciation and amortization	414,315	292,749
Deferred income taxes	9,584	6,574
	<u>2,651,317</u>	<u>2,150,414</u>
Term bank loans	1,625,000	6,000,000
Issue of common shares for investment in broadcasting companies	—	3,860,000
Other	1,439	77,405
	<u>4,277,756</u>	<u>12,087,819</u>
APPLICATION OF FUNDS		
Investment in shares	1,907,266	6,544,877
Additions to fixed assets	358,942	1,150,443
Additions to intangible assets, including licences and goodwill	—	2,658,937
Repayment of term bank loan	757,500	437,500
Dividends paid		
Preferred	216,760	287,500
Common	893,944	530,274
Tax paid on undistributed income	157,751	—
	<u>4,292,163</u>	<u>11,609,531</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(14,407)	478,288
WORKING CAPITAL AT BEGINNING OF YEAR	<u>1,147,557</u>	<u>669,269</u>
WORKING CAPITAL AT END OF YEAR	<u>\$ 1,133,150</u>	<u>\$ 1,147,557</u>

Notes to Consolidated Financial Statements

YEAR ENDED MARCH 31, 1973

1. BASIS OF CONSOLIDATION

The assets of the wholly-owned subsidiaries are, with one exception, carried into the consolidated balance sheet at historical values, with the excess of the cost of shares in subsidiaries over these values being recorded as an intangible asset. The exception is the investment in shares of British Columbia Television Broadcasting System Ltd. ("BC-TV"), where the excess of cost of the shares in Saturna Investments Ltd. and Western Productions Ltd. over the historical cost of their assets has been attributed in the consolidation to their principal asset, namely their investment in "BC-TV".

During the year the "BC-TV" shares held by Canastel Broadcasting Corporation Limited ("Canastel"), a 55.1% owned subsidiary at March 31, 1972, were purchased by the shareholders of "Canastel" rateably in proportion to their shareholdings. Subsequently "Canastel" was liquidated. The original cost of "Canastel", including advances not recovered on liquidation, has been attributed to the investment in "BC-TV" acquired during the year.

2. BUSHNELL COMMUNICATIONS LIMITED

"Investment in shares, broadcasting companies" includes 793,040 common shares (46.1% of the issued common shares) of Bushnell Communications Limited ("Bushnell") with a cost of \$6,544,877. The quoted market value of the company's investment at March 31, 1973 was \$9,199,600 (1972, \$6,344,320).

On April 17, 1973 the company purchased an additional 86,106 common shares of "Bushnell" for a cash consideration of \$1,291,590 provided by bank advances, which increased its holdings from 46.1% to 51.2% of the issued common shares. The company acquired the shares in order to facilitate the disposal of its holdings in "Bushnell" as undertaken to the Canadian Radio-Television Commission.

3. INCOME TAXES AND DEPRECIATION

The company charges earnings with income taxes currently payable and also with income taxes deferred by claiming capital cost allowances in excess of depreciation recorded in the accounts for cable systems. The accumulated total of such income tax deferments is reflected in the balance sheet as "Deferred income taxes". All other fixed assets are depreciated at the maximum rates allowable for income tax purposes from the time the facilities are put into use.

In 1973, for income tax purposes, a subsidiary company has claimed capital cost allowances on certain rights. No amortization of this asset has been recorded in the accounts. The resulting reduction in income taxes amounted to \$250,000.

4. TERM BANK LOANS

Bank loans are secured by hypothecation of investments and shares in subsidiaries. Interest is at prime plus 1½% payable monthly. Repayment is as follows:

Payable in annual	1973	1972
instalments of \$437,500,		
with the balance due		
September 1976, less		
instalment due in 1973	\$2,305,000	\$3,062,500
Due April 1980	<u>4,125,000</u>	<u>2,500,000</u>
	<u>\$6,430,000</u>	<u>\$5,562,500</u>

5. CAPITAL STOCK

(a) Authorized

- 1) The preferred shares are convertible into common shares of the company on the following basis:

- (A) prior to December 2, 1974, three subdivided common shares for one preferred share

Auditors' Report

(B) from December 2, 1974 to December 1, 1979, three subdivided common shares for one preferred share and \$2.50 in cash.

The preferred shares are redeemable by the company from December 2, 1974 to December 1, 1979 at \$27.50 per share and thereafter at \$26.00 per share, together with an amount equal to all unpaid preferential dividends accrued thereon to the redemption date.

The company may purchase the preferred shares for cancellation on the open market on certain terms and conditions.

Dividends payable on the common shares are restricted under the terms of the preferred share issue. Under the most restrictive of these provisions, dividends paid subsequent to March 31, 1969 on all shares of the company cannot reduce retained earnings below \$386,000.

2) 372,060 unissued common shares are reserved for conversion of the preferred shares.

3) During the year the number of authorized preferred shares was reduced to 138,030 and the number of authorized common shares was increased to 6,185,910 on the conversion of preferred shares.

(b) Issued

During the year 143,505 common shares were issued in exchange for 47,835 convertible preferred shares with a par value of \$1,195,875.

6. STATUTORY INFORMATION

The direct and indirect remuneration paid by the company and its subsidiaries to the directors and senior officers of the company for the year ended March 31, 1973 was \$320,000 (1972 — \$297,000).

To the Shareholders of
Western Broadcasting Company Ltd.

We have examined the consolidated balance sheet of Western Broadcasting Company Ltd. and its subsidiary companies as at March 31, 1973 and the consolidated statements of earnings and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1973 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

May 18, 1973

THORNE GUNN & CO.,
Chartered Accountants.

Directors FRANK A. GRIFFITHS, C.A., *Vancouver, B.C., Director—President*
WILLIAM J. HUGHES, *Vancouver, B.C., Director—Executive Vice President*
WALTER S. OWEN, Q.C., *Vancouver, B.C., Director—Vice President*
THEODORE S. SOSKIN, *Calgary, Alberta, Director—President CHQR*
PETER PAUL SAUNDERS, *Vancouver, B.C., Director*

Officers G. NELDON COOPER, *New Westminster, B.C., Vice President—Sales*
RODERICK M. MacLENNAN, *Winnipeg, Manitoba, Vice President, Manitoba*
THOMAS E. DARLING, *Hamilton, Ontario, Vice President, Ontario*
ROBERT G. DINNING, C.A., *Vancouver, B.C., Vice President—Finance, Secretary*

Subsidiary Companies RADIO NW LTD.
W. J. HUGHES, *President*; G. N. COOPER, *Station Manager*
RADIO OB LTD.
R. M. MacLENNAN, *President & Manager*
RADIO QR LTD.
T. S. SOSKIN, *President & Manager*
RADIO ML LTD.
T. E. DARLING, *President*; W. E. HALL, *Station Manager*
EXPRESS CABLE TELEVISION LTD.
F. A. GRIFFITHS, *President*
WESTERN PRODUCTIONS LTD.
R. M. ABBOTT, *Operations Manager*
WESTERN BROADCAST SALES (1970) LTD.
M. J. DAVIES, *Manager*

Affiliated Companies BRITISH COLUMBIA TELEVISION BROADCASTING SYSTEM LTD.
J. R. PETERS, *President and General Manager*
BUSHNELL COMMUNICATIONS LIMITED
S. W. GRIFFITHS, *President*

Stock Transfer Agent: Canada Permanent Trust Co.

Stock Listings: The common and preferred shares of the Company are listed on the Toronto, Calgary and Vancouver Stock Exchanges

Annual Meeting: The Annual Meeting of the Company will be held on Monday, August 20, 1973 at 10 a.m. in the Chairman's Room of the Bayshore Inn, Vancouver, British Columbia.

THE COVERS: *On the front and back covers are four dramatic scenes of the West Coast which comprise the CFMI-FM Collection, the original work of photographer Dane Simoes. The collection has been underwritten by CFMI-FM and is now on sale throughout the listening area. Should readers wish a set of four 18" x 24" prints, please write to Western Broadcasting Co. Ltd. enclosing \$2.75 to cover mailing. The entire proceeds have been pledged to Westwater, a University of British Columbia based organization dedicated to maintaining the purity of the province's lake, stream, river, and ocean waters.*

A Memorable Year for Western Broadcasting...

The year has proven to be a truly memorable one for the Western Broadcasting Company Ltd. family. Our long-time Director, the Hon. Walter S. Owen, Q.C., was named Lieutenant-Governor of British Columbia in March, 1973. He is shown here attending the annual CKNW Orphans' Fund Picnic in June. Western Broadcasting companies have also been honoured this year with awards for outstanding achievement in a number of fields of commercial broadcasting involvement.



